SEXUAL ASSAULT CENTER

FINANCIAL STATEMENTS

June 30, 2016 and 2015

SEXUAL ASSAULT CENTER

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FRASIERDEAN HOWARDCPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sexual Assault Center
Nashville, Tennessee

We have audited the accompanying financial statements of Sexual Assault Center (the "Center") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sexual Assault Center as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 12 to the financial statements, the Center restated pledges receivable and temporarily restricted net assets at June 30, 2014 to properly record a promise to give that was made to the Center in 2014 but previously unrecorded. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Frasier, Dean + Howard, PLLC

August 19, 2016

SEXUAL ASSAULT CENTER
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	(As Restated) 2015
Assets		
Cash and cash equivalents	$ 536,076	$ 631,899
Grants receivable	129,144	69,384
Pledges receivable	297,062	255,694
Other receivables	10,937	17,419
Prepaid expenses and other	21,428	8,427
Land, building and equipment, net	2,491,055	2,567,380
Investments	1,280,233	1,329,587
Total assets	$ 4,765,935	$ 4,879,790
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 22,828	$ 5,591
Total liabilities	22,828	5,591
Net assets:		
Unrestricted:		
Undesignated	2,797,452	2,964,432
Board designated	119,027	119,027
Total unrestricted	2,916,479	3,083,459
Temporarily restricted	646,931	611,043
Permanently restricted	1,179,697	1,179,697
Total net assets	4,743,107	4,874,199
Total liabilities and net assets	$ 4,765,935	$ 4,879,790

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Individual and corporate gifts	$ 516,546	$ 125,962	$ -	$ 642,508
Grants	599,356	-	-	599,356
Counseling fees	157,414	-	-	157,414
Special events	224,107	17,600	-	241,707
United Way	-	170,100	-	170,100
Miscellaneous	109,515	-	-	109,515
Education	3,288	-	-	3,288
Investment income	-	14,163	-	14,163
Donated services	58,009	-	-	58,009
Net assets released from restrictions	291,937	(291,937)	-	-
Total revenue and other support	1,960,172	35,888	-	1,996,060
Expenses:				
Program services	1,609,724	-	-	1,609,724
Supporting services:				
Management and general	265,519	-	-	265,519
Fundraising	251,909	-	-	251,909
Total expenses	2,127,152	-	-	2,127,152
Change in net assets	(166,980)	35,888	-	(131,092)
Net assets, beginning of year	3,083,459	611,043	1,179,697	4,874,199
Net assets, end of year	$ 2,916,479	$ 646,931	$ 1,179,697	$ 4,743,107

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015 (As Restated)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Individual and corporate gifts	$ 503,042	$ 100,000	$ -	$ 603,042
Grants	399,789	-	-	399,789
Counseling fees	259,170	-	-	259,170
Special events	175,073	1,750	-	176,823
United Way	-	147,694	-	147,694
Investment income	11,430	25,459	-	36,889
Miscellaneous	104,583	-	-	104,583
Donated services	34,438	-	-	34,438
Education	37,705	-	-	37,705
Net assets released from restrictions	240,010	(240,010)	-	-
Total revenue and other support	1,765,240	34,893	-	1,800,133
Expenses:				
Program services	1,429,457	-	-	1,429,457
Supporting services:				
Management and general	109,627	-	-	109,627
Fundraising	293,359	-	-	293,359
Total expenses	1,832,443	-	-	1,832,443
Change in net assets	(67,203)	34,893	-	(32,310)
Net assets, beginning of year, as restated (Note 12)	3,150,662	576,150	1,179,697	4,906,509
Net assets, end of year	$ 3,083,459	$ 611,043	$ 1,179,697	$ 4,874,199

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

		2016		(As Restated) 2015
Cash flows from operating activities:				
Change in net assets	$	(131,092)	$	(32,310)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Depreciation		88,547		91,351
Realized and unrealized loss on investments		12,285		2,664
Increase in grants receivable		(59,760)		(29,940)
(Increase) decrease in pledges receivable		(41,368)		8,592
(Increase) decrease in other receivables		6,482		(6,620)
Increase in prepaid expenses and other		(13,001)		(2,015)
Increase (decrease) in accounts payable and accrued expenses		17,237		(4,594)
Net cash (used in) provided by operating activities		(120,670)		27,128
Cash flows from investing activities:				
Purchases of investments		(211,280)		(333,704)
Proceeds from sale of investments		248,349		305,581
Purchases of land, building and equipment		(12,222)		(7,869)
Net cash provided by (used in) investing activities		24,847		(35,992)
Net decrease in cash and cash equivalents		(95,823)		(8,864)
Cash and cash equivalents, beginning of year		631,899		640,763
Cash and cash equivalents, end of year	$	536,076	$	631,899

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

		Supporting Services			
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	$ 1,023,429	$ 136,305	$ 130,109	$ 266,414	$ 1,289,843
Benefits and taxes	194,939	25,963	24,782	50,745	245,684
Total salaries and related expenses	1,218,368	162,268	154,891	317,159	1,535,527
Temporary and professional services	53,949	30,899	7,805	38,704	92,653
Occupancy	72,507	11,818	3,581	15,399	87,906
Donated services	58,009	-	-	-	58,009
Special event expense	-	-	55,903	55,903	55,903
Equipment and IT consulting	40,440	4,819	1,994	6,813	47,253
Supplies	33,325	8,682	1,519	10,201	43,526
Professional development	21,742	10,938	1,912	12,850	34,592
Travel	25,344	979	297	1,276	26,620
Insurance	11,810	6,932	1,505	8,437	20,247
Advertising and marketing	4,581	1,219	10,369	11,588	16,169
Telephone	9,332	1,282	453	1,735	11,067
Licenses and fees	3,450	2,529	2,646	5,175	8,625
Miscellaneous	197	132	179	311	508
Total expenses before depreciation	1,553,054	242,497	243,054	485,551	2,038,605
Depreciation	56,670	23,022	8,855	31,877	88,547
Total expenses	$ 1,609,724	$ 265,519	$ 251,909	$ 517,428	$ 2,127,152

See accompanying notes.

SEXUAL ASSAULT CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total Expenses
Salaries	$ 893,295	$ 57,473	$ 152,375	$ 209,848	$ 1,103,143
Benefits and taxes	167,614	10,279	31,455	41,734	209,348
Total salaries and related expenses	1,060,909	67,752	183,830	251,582	1,312,491
Temporary and professional services	75,943	11,857	8,089	19,946	95,889
Occupancy	57,907	11,229	4,140	15,369	73,276
Special event expense	-	-	51,595	51,595	51,595
Equipment and IT consulting	35,746	4,306	3,513	7,819	43,565
Donated services	34,438	-	-	-	34,438
Advertising and marketing	9,123	574	14,040	14,614	23,737
Supplies	15,183	5,093	977	6,070	21,253
Travel	17,797	10	387	397	18,194
Insurance	14,711	779	2,646	3,425	18,136
Bad debt expense	-	-	15,000	15,000	15,000
Professional development	9,577	1,356	2,781	4,137	13,714
Telephone	10,268	1,005	603	1,608	11,876
Licenses and fees	2,124	381	4,776	5,157	7,281
Miscellaneous	36	531	80	611	647
Total expenses before depreciation	1,343,762	104,873	292,457	397,330	1,741,092
Depreciation	85,695	4,754	902	5,656	91,351
Total expenses	$ 1,429,457	$ 109,627	$ 293,359	$ 402,986	$ 1,832,443

See accompanying notes.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

General

Sexual Assault Center (the "Center") was founded by volunteers in 1978 as a Tennessee nonprofit corporation. The Center is the only organization in Middle Tennessee dedicated exclusively to serving victims of sexual assault. The Center offers specialized services for rape victims, child abuse victims, adult survivors and non-offending parents. These services include individual, group and family therapy, a 24-hour crisis line, hospital accompaniments, assessments and court preparation groups and an education outreach program to teach children, parents and teachers. Funding for the Center's services is provided principally by contracts with the Tennessee Department of Finance and Administration, as well as from United Way and individual and corporate donations.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of accounting and financial reporting standards prescribed for not-for-profit organizations. Accordingly, net assets of the Center, and changes therein are classified and reported as follows:

Unrestricted net assets:

Undesignated – Net assets that are not subject to donor-imposed stipulations or designated by the Center's board.

Board designated – Net assets designated by the Center's board for particular purposes, presently designated by the board for funds held in reserve for future use.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Center.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Temporarily restricted contributions whose restrictions are met in the same year as received are reported as unrestricted contributions.

The Center uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Donated Services

The Center's policy is to record support and expenses for contributed services that require specialized skills and would be purchased if not provided by the donor at the fair value of services received. The Center records the value of services donated by graduate student interns, who see clients and assist with therapy and the crisis telephone line, based on the average wage rate of clinical therapists. The value of services donated by certain other individuals who are required to have specialized training before they may help answer the crisis telephone line and assist with hospital accompaniment is based on the minimum wage rate in effect. Donated services of $58,009 and $34,438 have been included in both revenue and expenses in the statements of activities and statements of functional expenses for the years ended June 30, 2016 and 2015, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks and time deposits with original maturities when purchased of three months or less.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reported at fair value as reported by the respective funds using quoted market prices. Net realized and unrealized gains and losses are reflected in the statements of activities.

Land, Building and Equipment

Land, building and equipment are stated at acquisition costs, or estimated fair market value if donated, less accumulated depreciation. Expenditures for ordinary maintenance and repairs are charged to expense. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is computed on the straight-line method over estimated useful lives of the assets, which range from 3 to 40 years.

Program and Supporting Services – Functional Allocation

The following program and supporting services are included in the accompanying financial statements:

Program Services – include activities carried out to fulfill the Center's mission, resulting in services provided to victims of sexual assaults and their families. This includes counseling and therapeutic services through counseling, therapy, education and advocacy. Program services also include the support provided to victims by volunteers through responding to crisis hotline calls, assisting in hospital accompaniments and general marketing and an education program that teaches children, parents and teachers how to recognize and reduce the risks of sexual abuse.

Supporting Services:

Management and General – relates to the overall direction of the Center. These expenses are not identifiable with a particular program or with fundraising, but are indispensable to the conduct of those activities and are essential to the Center. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, information systems and technology, and other administrative activities.

Fundraising – includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income tax has been made.

The Center accounts for income taxes in accordance with income tax accounting guidance in Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 740, "Income Taxes." The guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Center does not believe there were any uncertain tax positions at June 30, 2016 and 2015. Additionally, the Center has not recognized any tax related interest and penalties in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2013 through June 30, 2016.

Endowment Funds

The not-for-profit topic of the FASB ASC clarifies that a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not permanently restricted by the donor or by law as temporarily restricted net assets (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met. When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, temporarily restricted net assets are reclassified to unrestricted net assets. It also requires additional disclosures applicable to all nonprofit organizations, even if the organization is not yet subject to a version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Those disclosures provide: a) a description of the organization's policies for making appropriations for expenditures from endowment funds (i.e. the organization's endowment spending policies), b) a description of the organization's investment policies for endowment funds, c) a description of the organization's endowment by net asset class at the end of the period in total and by type of endowment fund, d) a reconciliation of the beginning and ending balances of endowment funds in total and by net asset class, and e) a description of the organization's interpretation of the law(s) underlying the net asset classification of donor-restricted endowment funds.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values

The Center has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data, including interest rate yield curves, option volatilities and third party information. There have been no changes in methodologies used at June 30, 2016 and 2015.

Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Accounting principles generally accepted in the United States of America have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 2 – INVESTMENTS

Investments and their fair value measurement consist of the following at June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1) 2016	Quoted Prices in Active Markets for Identical Assets (Level 1) 2015
Individual common stocks:		
Consumer discretionary	$ 205,423	$ 184,557
Information technology	148,407	114,856
Healthcare	146,934	167,099
Industrials	83,901	83,310
Energy	54,868	82,495
Delivery services	53,366	37,574
Financials	50,707	48,760
Materials	43,446	49,352
Retail services	42,937	47,324
Management services	28,351	33,518
Telecommunications services	21,800	25,776
Utilities	9,128	6,862
Consumer staples	3,733	8,691
Security and protection services	-	2,308
Total individual common stocks	893,001	892,482
Government and corporate bonds:		
Industrial	140,255	123,760
Consumer cyclical	-	52,250
Other fixed	48,944	47,809
Energy	-	24,906
Total government and corporate bonds	189,199	248,725
Mutual funds:		
Equity real estate investment trusts	31,935	29,842
Global stock	23,656	25,460
High yield	18,724	20,063
Total mutual funds	74,315	75,365
Interest bearing cash – pending investment	95,703	68,315
Other investments	28,015	44,700
Total investments at fair value	$ 1,280,233	$ 1,329,587

NOTE 2 – INVESTMENTS (Continued)

Investment income consists of the following for the years ended June 30:

	2016	2015
Interest and dividends	$ 26,448	$ 39,553
Unrealized and realized loss on investments	(12,285)	(2,664)
	$ 14,163	$ 36,889

NOTE 3 – GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	2016	2015
Tennessee Department of Finance & Administration	$ 129,144	$ 61,035
Tennessee Department of Children's Services	-	8,349
	$ 129,144	$ 69,384

Grants receivable are reviewed periodically as to their collectability. Based on collection experience and management's review, no allowance for doubtful accounts is considered necessary at June 30, 2016 and 2015.

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2016	2015
United Way allocations and designations	$ 170,100	$ 147,694
Contributions	126,962	108,000
Pledges receivable	$ 297,062	$ 255,694
Receivable in less than one year	$ 272,062	$ 205,694
Receivable in one to five years	$ 25,000	$ 50,000

Management believes that pledges receivable are fully collectible; therefore, no allowance for uncollectible pledges is considered necessary at June 30, 2016 or 2015.

NOTE 5 – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following at June 30:

	2016	2015
Land	$ 552,618	$ 552,618
Building	1,959,280	1,959,280
Building improvements	398,917	393,190
Furniture and equipment	318,884	346,904
Artwork	12,905	8,605
	3,242,604	3,260,597
Less: accumulated depreciation	(751,549)	(693,217)
	$ 2,491,055	$ 2,567,380

Fully depreciated assets amounted to $170,847 at June 30, 2016 and $194,708 at June 30, 2015.

NOTE 6 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	2016	2015
United Way funding – for following year	$ 170,100	$ 147,694
Contributions for capital campaign – for building repairs and maintenance	143,758	155,531
Pledges receivable	126,962	75,000
Investment income	100,536	149,890
Memorial Foundation – for following year	50,000	39,583
Contribution for SANE project	37,975	41,595
Fundraising event – for following year	17,600	1,750
	$ 646,931	$ 611,043

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

Permanently restricted net assets

Building and equipment funds for the Center's prior location were solicited under the condition that pledges in excess of the cost of the building and equipment acquired would be used to establish a permanently restricted endowment fund. At June 30, 2016 and 2015, $143,758 and $155,531, respectively, remain in temporarily restricted net assets due to donor contributions under the capital campaign.

In addition to the above, the Center solicited funds for its current building with the stipulation that any excess funds would be placed in a permanent endowment fund, the interest from which will be utilized to help fund operating costs of the new building.

Permanently restricted net assets consist of the following at June 30:

	2016	2015
Endowment fund investments	$ 1,179,697	$ 1,179,697

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The UPMIFA was enacted in Tennessee effective July 1, 2007. The Center has interpreted the UPMIFA as requiring that the Center classify as permanently restricted net assets a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are approved for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Center
- The investment policies of the Center

Endowment net asset composition by type of fund as of June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 100,536	$ 1,179,697	$ 1,280,233

Changes in endowment net assets for the year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 149,890	$ 1,179,697	$ 1,329,587
Unrealized and realized loss on investments	-	(12,285)	-	(12,285)
Interest and dividends	-	26,448	-	26,448
Expenditures	-	(63,517)	-	(63,517)
Endowment net assets, end of year	$ -	$ 100,536	$ 1,179,697	$ 1,280,233

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

Endowment net asset composition by type of fund as of June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 149,890	$ 1,179,697	$ 1,329,587

Changes in endowment net assets for the year ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 124,431	$ 1,179,697	$ 1,304,128
Unrealized and realized loss on investments	-	(2,664)	-	(2,664)
Interest and dividends	-	39,553	-	39,553
Expenditures	-	(11,430)	-	(11,430)
Endowment net assets, end of year	$ -	$ 149,890	$ 1,179,697	$ 1,329,587

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to provide a real total return, net of investment management fees, that is consistent with spending policy requirements. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Center's investment policy is to maintain 40 – 70% in equity securities, 20 – 40% in bonds or alternative investments, and 5 – 15% in cash and cash equivalents.

The Center's policy is to quarterly withdraw 5% of the average year end value of the portfolio for the previous 3 fiscal years for operations. However, if the amount of funds in the investment account is less than the permanently restricted net asset balance, no amount is withdrawn for operations.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

The Center receives a substantial amount of its support from grants, state agencies and the United Way. Grant and United Way revenue comprised approximately 39% and 30% of total revenue and other support during fiscal years 2016 and 2015, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Center's programs and services.

During 2016 and 2015, the Center maintained deposit accounts with financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC"). At June 30, 2016 and 2015, the combined total of all non-interest-bearing and interest-bearing accounts per financial institution are insured up to $250,000. Excess uninsured balances of the Center were approximately $0 and $85,000 at June 30, 2016 and 2015, respectively.

At June 30, 2016 and 2015, investments were managed by one brokerage and investment company with an account balance totaling $1,280,233 and $1,329,587, respectively. Investments in the account are invested in various stocks, bonds and mutual funds. Investments are not insured by FDIC or any other government agency and are subject to investment risk, including loss of principal. Investments are insured by the Securities and Investor Protection Corporation, which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Center maintains a 401(k) retirement plan. Under the terms of the plan, the Center may provide a matching contribution up to a maximum of 3% of each eligible employee's annual compensation (including bonuses, commissions and overtime). Employees are eligible to participate in the plan after one year of service and become fully vested after five years. Employer contributions for the years ended June 30, 2016 and 2015 totaled $14,103 and $15,805, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Center has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for potential reimbursements to the grantor.

As of June 30, 2016, the Center has received commitments for additional grant funding as follows:

Years Ending June 30,	
2017	$ 802,050
2018	703,859
	$ 1,505,909

NOTE 10 – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE

The Community Foundation of Middle Tennessee (the "Foundation") maintains investments on behalf of the Center. The Foundation has ultimate authority and control over the investments; accordingly the net assets of the Center do not include these investments.

The Center does anticipate receiving periodic investment earnings on its pro-rata share of the Foundation's assets. The balance of the endowment fund held for the benefit of the Center totals $19,265 and $19,683 at June 30, 2016 and 2015, respectively.

NOTE 11 – LEASE CONTRACTS

During 2016, the Center entered into a new lease for office space in Clarksville, Tennessee with a start date of October 1, 2015 and a lease term of five years. Future minimum lease commitments are as follows:

Years Ending June 30,	
2017	$ 12,300
2018	13,000
2019	13,000
2020	13,000
2021	3,250
	$ 54,550

NOTE 12 – RESTATEMENT

The Center restated its financial statements at June 30, 2014 to correctly record a promise to give previously unrecorded. The promise to give totaled $100,000 to be made over a four year period. Accounting standards require that a contribution be recorded as a temporarily restricted contribution in the period promised. The promise is reflected as temporarily restricted net assets due to a time restriction.

As the time restrictions are met, an amount is reclassified from temporarily restricted net assets to unrestricted net assets. The Center has determined that the promise to give should have been recorded and the contribution should have been recognized as temporarily restricted revenue and net assets when the Center was notified of the promise to give. Correcting this error increased pledges receivable, temporarily restricted contributions and temporarily restricted net assets by $100,000 as of and for the year ended June 30, 2014. Unrestricted contributions were decreased by $25,000 for the year ended June 30, 2015.

NOTE 12 – RESTATEMENT (Continued)

The restatement resulted in the following correction of net assets at June 30, 2014.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, June 30, 2014, as previously stated	$ 3,150,662	$ 476,150	$ 1,179,697	$ 4,806,509
Record the promise to give	-	100,000	-	100,000
Balance, June 30, 2014, as restated	$ 3,150,662	$ 576,150	$ 1,179,697	$ 4,906,509

NOTE 13 – SUBSEQUENT EVENTS

The Center evaluated subsequent events through August 19, 2016, when these financial statements were available to be issued. The Center is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

SUPPLEMENTARY DATA

SEXUAL ASSAULT CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR	CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2015	Cash Receipts	Expenditures	Balance Receivable June 30, 2016
<u>FEDERAL AWARDS</u>						
<u>U. S. Department of Justice</u>						
Passed through TN Department of Finance & Administration:						
Direct Services for Victims of Sexual Assault	16.575	VOCA No. 26642	$ 51,100	$ 51,100	$ -	$ -
Direct Services for Victims of Sexual Assault	16.575	VOCA No. 26642	-	221,982	279,191	57,209
Total for CFDA No. 16.575			51,100	273,082	279,191	57,209
Direct Intervention Services for Victims of Sexual Assault in Middle Tennessee (including certain state funds)	16.017	SASP No. 26601	4,285	4,285	-	-
Direct Intervention Services for Victims of Sexual Assault in Middle Tennessee (including certain state funds)	16.017	SASP No. 26601	-	134,000	155,928	21,928
Total for CFDA No. 16.017			4,285	138,285	155,928	21,928
STOP Violence Against Women's Violence	16.588	STOP No. 26688	5,650	5,650	-	-
STOP Violence Against Women's Violence	16.588	STOP No. 26688	-	76,890	100,000	23,110
STOP Violence Against Women's Violence	16.588	STOP No. 27569	-	24,912	51,809	26,897
Total for CFDA No. 16.588			5,650	107,452	151,809	50,007
<u>U.S. Department of Justice Bureau of Justice Assistance</u>						
Passed through TN Department of Children's Services:						
Prison Rape Elimination Act	16.735	PREA # 40151	8,349	8,349	-	-
Passed through TN Department of Children's Services:						
Prison Rape Elimination Act	16.735	PREA # 40151	-	12,428	12,428	-
Total for CFDA No. 16.735			8,349	20,777	12,428	-
Total Federal Financial Assistance			$ 69,384	$ 539,596	$ 599,356	$ 129,144

Note: The schedule of expenditures of federal and state awards has been prepared on the accrual basis of accounting.